

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1551 – SB 1728

March 6, 2018

**SUMMARY OF ORIGINAL BILL:** Directs the Commissioner of the Department of Finance and Administration to submit a waiver amendment to the existing TennCare II waiver to the federal Centers for Medicare and Medicaid Services (CMS) imposing reasonable work requirements upon able-bodied working age adult enrollees without dependent children under the age of six, and if approved, implement the waiver amendment.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$646,600/FY19-20  
Net Impact \$18,733,300/FY20-21 and Subsequent Years

Increase Federal Expenditures - \$5,126,600/FY19-20  
Net Impact \$15,338,200/FY20-21 and Subsequent Years

Other Fiscal Impact – There will be additional savings as the program continues to grow and additional enrollees either no longer qualify due to income limits or do not meet work requirements. There could be additional costs related to staffing needs of the Division of TennCare. The exact amounts and timing of such amounts cannot be quantified due to the uncertainty of the program parameters.

**SUMMARY OF AMENDMENT (014418):** Deletes and rewrites Section 1 of the bill such that the bill as amended: (1) requires the submission of a TennCare II waiver amendment to CMS imposing reasonable work and community engagement requirements upon able-bodied working age adult enrollees without dependent children under the age of six; and (2) requires the amendment to align any required work and community engagement with the requirements of the temporary assistance to needy families (TANF) program under the Families First Act of 1996 and be consistent with the most recent guidance to state Medicaid directors provided by CMS concerning opportunities to promote work and community engagement in demonstration projects. Implementation of the waiver amendment is contingent upon the use of available TANF funds or other federal appropriations.

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## **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

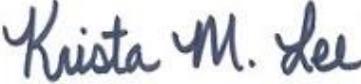
**Other Fiscal Impact – Any approved waiver will be implemented if TANF or other federal funds are available and approved for such use. Currently, the state has approximately 39 percent of the TANF block grant remaining annually. The extent and timing of expenditures necessary to implement the waiver cannot reasonably be determined.**

Assumptions for the bill as amended:

- The Division of TennCare (TennCare) will not incur a significant increase in expenditures to draft, submit, and negotiate a waiver with CMS.
- Based on the language of the proposed legislation, TennCare will have flexibility in drafting the proposed waiver including flexibility in negotiations with CMS on the final waiver document.
- TennCare will base the waiver application on information included in the CMS guidance (letter dated January 11, 2018) and proposals approved or currently being considered by CMS for similar programs in other states.
- The implementation of the waiver is contingent upon the available use of TANF funds or other federal appropriations to meet the requirements of the waiver.
- The state can seek approval from the U.S. Department of Health and Human Services (HHS) to use TANF funds within existing resources.
- It is unknown to what extent the federal government will allow the use of TANF or other federal funds to effectuate the requirements agreed to by TennCare and CMS.
- It is assumed that TennCare will negotiate and implement a waiver which meets the CMS and HHS requirements so that TANF and federal funding will be used to implement the program.
- Future state funds necessary to administer the program are unknown and are dependent on the approved waiver. Further, any potential savings will be dependent on the approved waiver.
- Based on information from the Department of Human Services, the department receives \$191,000,000 block grant for TANF annually. Over the past three years, the department has spent approximately 60.9 percent. There are proposed changes to TANF which may increase the amount spent from the grant. Further, President Trump's budget proposes a 10 percent reduction in TANF spending.
- Based on the initial estimates of implementation of the proposed waiver amendment, the waiver would require approximately 50 percent of the unspent block grant.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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